

***Annual Review
Of
Base Rates for Fuel Costs
Of
Carolina Power & Light Company***

Docket No. 98-001-E

***HEARING DATE
March 25, 1998***



***Testimony of
William O. Richardson
Utilities Department***

South Carolina Public Service Commission

TESTIMONY OF WILLIAM O. RICHARDSON
FOR
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 98-001-E
IN RE: CAROLINA POWER & LIGHT COMPANY

Q. WOULD YOU PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION?

A. William O. Richardson, 111 Doctors Circle, Columbia, South Carolina. I am employed by The Public Service Commission of South Carolina, Utilities Department, as an Engineer Associate II.

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. I received a Bachelor of Science Degree in Electrical and Computer Engineering from Clemson University in 1975. I was employed, upon graduation, by Daniel Construction Company as an Electrical Engineer in the Power Division. In 1978 this Commission employed me as an Engineer Associate II. I have attended various courses and seminars related to engineering, life analysis and accounting relationships and have testified before this Commission in other proceedings involving fuel adjustment clauses, purchased gas adjustments, and rate case proceedings of electric, water and wastewater utilities.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. The purpose of my testimony is to summarize Staff's findings and recommendations as set forth in the Utilities Department's portion of the Staff Report.

1 Q. MR. RICHARDSON, WHAT SPECIFIC AREAS WERE ENCOMPASSED BY
2 STAFF'S EXAMINATION?

3 A. The Utilities Department's examination of the Company's fuel operations
4 consisted of a review of the Company's monthly operating reports, review of the
5 currently approved adjustment for fuel costs Rider, and review of the Company's
6 short-term projections of kilowatt-hour sales and fuel requirements.

7 Q. DID STAFF EXAMINE THE COMPANY'S PLANT OPERATIONS FOR
8 THE PERIOD?

9 A. Yes, we reviewed the Company's operation of its generating facilities, including
10 special attention to the nuclear plant operations, to determine if the Company made
11 every reasonable effort to minimize fuel costs.

12 Q. HAVE YOU DETERMINED THAT ANY SITUATIONS WARRANT
13 DETERMINATION THAT THE COMPANY HAS ACTED
14 UNREASONABLY IN OPERATING ITS FACILITIES AND THEREBY
15 CAUSING ITS CUSTOMERS TO BE SUBJECT TO PAYING HIGHER
16 FUEL COSTS?

17 A. No, the Company's generating facilities, particularly the four nuclear units,
18 operated very well during the period under review. These nuclear units averaged
19 93.2% capacity factor with no adjustments. The major fossil units averaged over
20 95% availability for the majority of the period under review as indicated on Utilities
21 Department Exhibit No. 1. Staff also examined records to determine if the utility
22 achieved an adjusted capacity factor for the period under review of 92.5% as
23 required by the statute to presume cost minimization. As previously stated, the
24 nuclear generation systems net capacity factor was 93.2% before any adjustments,
25 exceeding the statutory requirement threshold of 92.5% to presume cost
26 minimization.

27 Q. WOULD YOU BRIEFLY EXPLAIN THE REMAINING UTILITIES
28 DEPARTMENT'S EXHIBITS?

29 A. Exhibit No. 2 shows the Company's Unit Outages for the months of January 1997
30 through December 1997, listing the plants by unit, duration of the outage, reason for

1 the outage, and corrective action taken. Exhibit No.3 lists the Company's
2 percentage Generation Mix by fossil, nuclear, and hydro for the period January 1997
3 through December 1997. Exhibit No. 4 reflects the Company's major plants by
4 name, type of fuel used, average fuel cost in cents per KWH to operate, and total
5 megawatt-hours generated for the twelve months ending December 1997. Exhibit
6 No. 5 shows a comparison of the Company's original retail megawatt-hour estimated
7 sales to the actual sales for the period under review. Exhibit No. 6 is a comparison of
8 the original fuel factor projections to the factors actually experienced for the twelve
9 months ending December 1997. Exhibit No. 7 is a graphical representation of the
10 data in Exhibit No. 6. Exhibit No. 8 is the Company's currently approved Retail
11 Adjustment for Fuel Costs tariff. Exhibit No. 9 is a history of the cumulative
12 recovery account. Exhibit No. 10 is a table of estimates for the cumulative recovery
13 account balance for various base levels of fuel factors for the period ending March
14 1999.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 **A.** Yes, it does.